

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01

AGR-20 FEAE-00 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06

SIL-01 SAM-01 SPM-01 SWF-02 INT-08 PC-10 NIC-01 PM-07

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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 5170

INFO AMCONSUL KARACPI

AMCONSUL LAHORE

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E.O. 11652: N/A

TAGS: EFIN, EIND, PK

SUBJ: FINANCE MINISTER AGAIN CRITICIZES THE INDUSTRIALIZED
CAPITALIST COUNTRIES

REFS: A) ISLAMABAD 1694 (FEB 28, 19739

B) ISLAMABAD 5580

1. SUMMARY. A NOTABLE FEATURE OF FINANCE MINISTER
MUBASHIR HASAN'S BUDGET SPEECH WAS THE SPACE HE DEVOTED
TO BLAMING INDUSTRIALIZED CAPITALIST COUNTRIES FOR PAKIS-
TAN'S ECONOMIC ILLS. HIS PROOF FOR THIS IS SEEN IN
PAKISTN'S WEAKENING TERMS OF TRADE. TO REFORM THE
ALLEGED INIQUITOUS WORLD ECONOMIC SYSTEM, THE GOP PLANS
TO WORK CLOSELY WITH OTHER SO-CALLED OPPRESSED THIRD
WORLD COUNTRIES. FINANCE MINISTER REFRAINED FROM ATTACK-
ING OPEC COUNTRIES DIRECTLY ALTHOUGH ELSEWHERE IN THE
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BUDGET SPEECH HE CITED OIL PRICE HIKES AS HAVING CAUSED

MUCH HARM TO PAKISTAN'S BALANCE OF PAYMENTS. MUBASHIR HASSAN HAS PREVIOUSLY PRESENTED THIS VIEW OF THE WORLD AS IN HIS RECENT UN ADDRESS AND IT IS LIKELY TO POSE CONTINUING PROBLEMS FOR THE USG IN TERMS OF GOP POSITIONS IN INTERNATIONAL ECONOMIC FORUMS. END SUMMARY.

2. WHEN MUBASHIR HASAN MAKES A PUBLIC STATEMENT THESE DAYS, AND HARDLY A WEEK GOES BY WITHOUT ONE, HE INVARIABLY MAKES SOME CRITICAL REMARK ABOUT THE HARM THE SO-CALLED INDUSTRIALIZED CAPITALIST COUNTRIES ARE CAUSING PAKISTAN. HIS FAVORITE THEME IS THAT PAKISTAN'S POVERTY IS PRINCIPALLY DUE NOT TO INTERNAL SOCIAL OR ECONOMIC WEAKNESSES IN PAKISTAN BUT TO NEO-COLONIALIST EXPLOITATION. HIS BUDGET SPEECH INCLUDED ALL HIS USUAL THEMES. OBVIOUSLY PLEASED WITH THE JAMES RESTON ASSISTED PUBLICITY GIVEN TO HIS UN ADDRESS, HE ALSO HAD THAT ADDRESS APPENDED TO HIS BUDGET.

3. EXCERPTS FROM HIS BUDGET SPEECH ARE QUOTED BELOW -- NOT NECESSARILY IN ORDER -- TO ILLUSTRATE THE FLAVOR OF THE REMARKS HE IS MAKING:

A) "LIKE OTHER DEVELOPING COUNTRIES, PAKISTAN IS SUBJECT TO COLONIALIST AND NEO-COLONIALIST EXPLOITATION. AN UNCEASINGLY RUTHLESS TRANSFER OF RESOURCES HAS BEEN TAKING PLACE FROM THE POOR TO THE RICH NATIONS. THE TERMS OF TRADE ARE AGAINST US. WE HAVE TO SELL AT CHEAP PRICES AND ANY INCREASES IN PRODUCTION ARE PENALIZED BY LOWER UNIT PRICES. THE INTERNATIONAL MIDDLEMAN, THE SPECULATOR AND THE HOARDER OF THE COMMODITY MARKETS REAPS MOST OF THE BENEFITS WHILE THE INDIVIDUAL PRODUCER AND THE PRODUCING COUNTRY SUFFERS. THE TERMS OF INTERNATIONAL TRADE ARE SO DESIGNED AS TO SKIM AWAY THE WEALTH WE THE DEVELOPING NATIONS PRODUCE OTHER THAN WHAT IS REQUIRED TO LIVE AT A SUBSISTENCE LEVEL.

B) WE ARE GROSSLY OVERCHARGED FOR WHAT IS SOLD TO US. THE DEVELOPED CAPITALIST COUNTRIES DISPROPORTIONATELY AND TO PAKISTAN'S DISADVANTAGE INCREASE THE PRICE OF THEIR EXPORTS. OUR POVERTY MOSTLY RESULTS FROM LIMITED OFFICIAL USE

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THE FACT THAT WHATEVER LITTLE WE ARE PAID FOR OUR EXPORTS THAT AND SOMETHING MORE IS TAKEN BACK FROM US AS THE PRICE OF THE IMPORTS WE NEED. WE THUS CONTINUE TO REMAIN POOR.

C) THE RECENT RISE IN COMMODITY PRICES HAS MADE US SUFFER TO AN UNBEARABLE POINT. I HAVE ONLY TO REFER TO THE HIGH PRICES OF FERTILIZER, FOODGRAINS, AND CERTAIN

OTHER ESSENTIAL ITEMS LIKE EDIBLE OIL.

D) WHAT CAN WE DO? WE HAVE TO STRUGGLE FOR OUR ECONOMIC EMANCIPATION. WE HAVE TO FIGHT AGAINST THE INQUITOUS SYSTEM OF INTERNATIONAL TRADE. WE MUST NOT ONLY TAKE COGNIZANCE OF THE FACT THAT THE PRINCIPAL CAUSE OF OUR POVERTY LIES IN THE INTERNATIONAL SYSTEM WHICH EXPLOITS THE THIRD WORLD BUT ACT IN CONCERT ON THIS PREMISE TOGETHER WITH OTHER COUNTRIES OF THE THIRD WORLD. IT IS THIS SYSTEM WHICH DEPRIVES US OF THE MAJOR SHARE OF THE FRUITS OF OUR LABOR AND RICHES. WE MUST APPRICATE THAT THE PROBLEM OF ERADICATION OF POVERTY FROM PAKISTAN CANNOT BE TACKLED ONLY AT THE DOMESTIC LEVEL -- THE PROBLEM IS VERY CLOSELY CONNECTED WITH THE INTERNATIONAL ECONOMIC ORDER."

4. NOTABLY MUTED WAS THE FINANCE MINISTER'S COMMENTS ON THE OIL PRODUCING COUNTRIES' ROLE IN CONTRIBUTING TO PAKISTAN'S ECONOMIC DIFFICULTIES. IN OTHER SPEECHES, HE HAS STRONGLY ADVOCATED A TWO-TIER OIL PRICE SYSTEM: HIGH PRICES FOR THE DEVELOPED COUNTRIES; LOW PRICES FOR THE LDCS.

5. COMMENT: MUBASHIR HASAN IS SOMETHING OF AN IDEOLOGICAL ENIGMA BUT ALSO SOMEONE YOU CANNOT IGNORE IN PAKISTAN. HE IS, BESIDES BHUTTO, THE MOST POWERFUL ECONOMIC PERSONAGE IN GOVERNMENT. SOME PAKISTANIS ARE CONVINCED HE IS A MAOIST AND A SECRET ADVOCATE OF COMMUNIST ECONOMIC SYSTEMS. OTHERS INCLUDING THIS EMBASSY SEE HIM MORE AS A LEFT-WING SOCIALIST WITH NAIVE AND SIMPLISTIC NOTIONS OF HOW THE WORLD TICKS. ALTHOUGH THE BUENOS AIRES HE JUST PRESENTED GIVES A BOOST TO THE PRIVATE SECTOR -- ONE WONDERS WHETHER THIS EMPHASIS LIMITED OFFICIAL USE

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COMES FROM HIM OR REFLECTS PRESSURE FROM BHUTTO HIMSELF.

6. THE IMMEDIATE IMPLICATION FOR THE US IN WHAT MUBASHIR HASAN KEEPS SAYING IS THAT PAKISTAN WILL CONTINUE TO JOIN WITH OTHER THIRD WORLD COUNTRIES TO DEMAND A LARGER SHIFT OF RESOURCES FROM THE DEVELOPED TO THE LESS DEVELOPED WORLD, REGARDLESS OF THE REAL REASONS FOR THE DISPARITIES IN LIVING STANDARDS. A MORE SUBTLE LONG-RUN DANGER IS THAT MORE AND MORE PAKISTANIS WILL SWALLOW MUBASHIR HASAN'S LINE THAT THE US AND THE WEST IN GENERAL ARE RESPONSIBLE FOR PAKISTAN'S ECONOMIC ILLS AND BECAUSE OF THIS HAVE AN OBLIGATION TO GO ALONG WITH DEMANDS FOR A RADICAL ECONOMIC RESTRUCTURING OF THE WORLD.
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